NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
REVISIONS TO ACCESS TARIFF F.C.C. NO. 5
LOCAL NUMBER PORTABILITY CHARGES
TRANSMITTAL NO. 1191
December 17, 2007

DESCRIPTION AND JUSTIFICATION

1. INTRODUCTION

The National Exchange Carrier Association, Inc. proposes to modify its Access Tariff F.C.C. No. 5 to reflect the addition of Local Number Portability (LNP) charges for Livingston Telephone Company, which has received a bonafide request for number portability. The services provided by Livingston Telephone Company are consistent with Section 13.14, Local Number Portability Services, of NECA's Tariff F.C.C. No. 5.

2. LNP DEMAND, COST AND RATE DEVELOPMENT

The demand for LNP capable access lines, including PBX trunks and ISDN-PRI lines, and queried calls were projected over five years. The PBX End User Charge and ISDN-PRI End User Charge have been calculated at nine times and five times the End User Charge, respectively.

Costs provided by the company include switch upgrade investment required to support wireline and wireless LNP capability, and projected ongoing expenses over five years. LNP End User Charges were set to equate the present value of revenues to the present value of cost outlays. Present values of total costs were obtained using a discount factor of 15.21%, which is the after-tax cost of money (11.25%) grossed up for the tax rate (35%). This gross-up is only applied to the equity portion of the cost of money, because the debt portion is already tax-deductible, but the equity portion is taxable.

The circuit switching costs used in the development of the LNP End User Charges are only those direct costs required to implement LNP. In identifying which of these LNP costs could be included in the rate, the company used two criteria to isolate LNP costs, based on the FCC guidelines: (1) the costs would not have been incurred by the telephone company if number portability was not implemented, and (2) the costs were incurred "for the provision of" number portability. Using these criteria yielded an investment amount of $112,147. This amount includes switch manufacturer LNP switch upgrade costs.

Beginning year one, expenses recovered by the End User Charge range between $1,225 and $4,698 per year, and fall into the following categories: a) projected charges

to be paid to the query provider for queries that the Telephone Company initiates in its capacity as an N-1 carrier, b) operating support system expenses for service order administration, c) regional database administrator d) LNP training, and e) consulting costs. Query expenses are only for queries necessary to complete local and Extended Area Service (EAS) calls originated from the company's end users. End user query expenses were obtained by multiplying query projections by the per query rate, paid by the Telephone Company to its query provider.

The demand and costs used to develop LNP End User Charges for the company are detailed in Exhibit 1A. (See Exhibit 1A attached.)

DESCRIPTION AND JUSTIFICATION

1. INTRODUCTION

The National Exchange Carrier Association, Inc. proposes to modify its Access Tariff F.C.C. No. 5 to reflect the addition of Local Number Portability (LNP) charges for New Hope Telephone Cooperative (New Hope), which has received a bonafide request for number portability. The services provided by New Hope are consistent with Section 13.14, Local Number Portability Services, of NECA's Tariff F.C.C. No. 5.

2. LNP DEMAND, COST AND RATE DEVELOPMENT

The demand for LNP capable access lines, including ISDN-PRI lines, and queried calls were projected over five years. New Hope currently does not have PBX lines; however, a PBX End User Charge has been calculated for it at nine times the End User Charge. The ISDN-PRI End User Charge was calculated at five times the End User Charge.

Costs provided by the company include switch upgrade investment required to support wireline and wireless LNP capability, and projected ongoing expenses over five years. LNP End User Charges were set to equate the present value of revenues to the present value of cost outlays. Present values of total costs were obtained using a discount factor of 11.25% since the company is tax-exempt.

The circuit switching costs used in the development of the LNP End User Charges are only those direct costs required to implement LNP. In identifying which of these LNP costs could be included in the rate, the company used two criteria to isolate LNP costs, based on the FCC guidelines: (1) the costs would not have been incurred by the telephone company if number portability was not implemented, and (2) the costs were incurred "for the provision of" number portability. Using these criteria yielded an investment amount of $94,426. This amount includes switch manufacturer LNP switch upgrade and translation costs.

Beginning year one, expenses recovered by the End User Charge range between $36 and $4,584 per year, and fall into the following categories: a) projected charges to be paid to the query provider for queries that the Telephone Company initiates in its capacity as an N-1 carrier, b) operating support system expenses for service order

administration, c) regional database administrator, d) LERG update, e) LNP operations manual, and f) consulting costs. Query expenses are only for queries necessary to complete local and Extended Area Service (EAS) calls originated from the company's end users. End user query expenses were obtained by multiplying query projections by the per query rate, paid by the Telephone Company to its query provider.

The demand and costs used to develop LNP End User Charges for the company are detailed in Exhibit 2A. (See Exhibit 2A attached.)

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DESCRIPTION AND JUSTIFICATION

1. INTRODUCTION

The National Exchange Carrier Association, Inc. proposes to modify its Access Tariff F.C.C. No. 5 to reflect the addition of Local Number Portability (LNP) charges for RT Communications, Inc., which has received a bonafide request for number portability. The services provided by RT Communications, Inc. are consistent with Section 13.14, Local Number Portability Services, of NECA's Tariff F.C.C. No. 5.

2. LNP DEMAND, COST AND RATE DEVELOPMENT

The demand for LNP capable access lines including PBX trunks and ISDN-PRI lines, and queried calls were projected over five years. The PBX End User Charge and ISDN-PRI End User Charge have been calculated at nine times and five times the End User Charge, respectively.

Costs provided by the company include switch upgrade investment required to support wireline and wireless LNP capability, and projected ongoing expenses over five years. LNP End User Charges were set to equate the present value of revenues to the present value of cost outlays. Present values of total costs were obtained using a discount factor of 15.21%, which is the after-tax cost of money (11.25%) grossed up for the tax rate (35%). This gross-up is only applied to the equity portion of the cost of money, because the debt portion is already tax-deductible, but the equity portion is taxable.

The circuit switching costs used in the development of the LNP End User Charges are only those direct costs required to implement LNP. In identifying which of these LNP costs could be included in the rate, the company used two criteria to isolate LNP costs, based on the FCC guidelines: (1) the costs would not have been incurred by the telephone company if number portability was not implemented, and (2) the costs were incurred "for the provision of" number portability. Using these criteria yielded an investment amount of $98,595. This amount includes switch manufacturer LNP switch upgrade costs.

Beginning year one, expenses recovered by the End User Charge range between $7,350 and $14,280 per year, and fall into the following categories: a) projected charges to be paid to the query provider for queries that the Telephone Company initiates in its capacity as an N-1 carrier, b) operating support system expenses for

service order administration and c) regional database administrator costs. Query expenses are only for queries necessary to complete local and Extended Area Service (EAS) calls originated from the company's end users. End user query expenses were obtained by multiplying query projections by the per query rate, paid by the Telephone Company to its query provider.

The demand and costs used to develop LNP End User Charges for the company are detailed in Exhibit 3A. (See Exhibit 3A attached.)

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End User Charge Rate Development

LINE				Year			
		0	**1**	**2**	**3**	**4**	**5**
	Investment						
1	LNP End User Investment	$112,147	$0	$0	$0	$0	$0
2	Present Value Factors	1.0000	0.8680	0.7534	0.6539	0.5676	0.4927
3	Present Value of Investment	$112,147	$0	$0	$0	$0	$0
4	Sum of Present Value of Investment	**$112,147**					
	Expenses						
5	LNP End User Expenses	$14,407	$4,698	$4,698	$1,225	$1,225	$1,225
6	Present Value of Expenses	$14,407	$4,078	$3,539	$801	$695	$604
7	Sum of Present Value of Expenses	**$24,124**					
	Access Lines						
8	PBX		28	28	28	28	28
9	ISDN-PRI		10	10	10	10	10
10	Other		6,893	6,913	6,933	6,953	6,973
11	Total Chargeable Lines [1]		7,195	7,215	7,235	7,255	7,275
12	Present Value of Chargeable Lines		6,245	5,436	4,731	4,118	3,584
13	Sum of Present Value of Chargeable Lines	24,114					
14	**LNP End User Basic Charge [2]**	**$0.47**					
15	**LNP End User ISDN-PRI Charge [3]**	**$2.35**					
16	**LNP End User PBX Charge [4]**	**$4.23**					

NOTES
1. Line 11 = (Line 8 * 9) + (Line 9 * 5) + Line 10
2. Line 14 = ((Line 4 + Line 7) / Line 13)/12
3. Line 15 = 5 * Line 14
4. Line 16 = 9 * Line 14

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End User Charge Rate Development

LINE		0	1	2	3	4	5
				Year			
	Investment						
1	LNP End User Investment	$94,426	$0	$0	$0	$0	$0
2	Present Value Factors	1.0000	0.8989	0.8080	0.7263	0.6528	0.5868
3	Present Value of Investment	$94,426	$0	$0	$0	$0	$0
4	Sum of Present Value of Investment	**$94,426**					
	Expenses						
5	LNP End User Expenses	$11,445	$4,583	$4,584	$3,585	$3,585	$36
6	Present Value of Expenses	$11,445	$4,119	$3,704	$2,604	$2,340	$21
7	Sum of Present Value of Expenses	**$24,233**					
	Access Lines						
8	PBX		0	0	0	0	0
9	ISDN-PRI		14	14	14	14	14
10	Other		5,397	5,300	5,225	5,175	5,200
11	Total Chargeable Lines [1]		5,467	5,370	5,295	5,245	5,270
12	Present Value of Chargeable Lines		4,914	4,339	3,846	3,424	3,093
13	Sum of Present Value of Chargeable Lines	19,615					
14	**LNP End User Basic Charge [2]**	**$0.50**					
15	**LNP End User ISDN-PRI Charge [3]**	**$2.50**					
16	**LNP End User PBX Charge [4]**	**$4.50**					

NOTES
1. Line 11 = (Line 8 * 9) + (Line 9 * 5) + Line 10
2. Line 14 = ((Line 4 + Line 7) / Line 13)/12
3. Line 15 = 5 * Line 14
4. Line 16 = 9 * Line 14

December 17, 2007

End User Charge Rate Development

LINE				Year			
		0	1	2	3	4	5
	Investment						
1	LNP End User Investment	$98,595	$0	$0	$0	$0	$0
2	Present Value Factors	1.0000	0.8680	0.7534	0.6539	0.5676	0.4927
3	Present Value of Investment	$98,595	$0	$0	$0	$0	$0
4	Sum of Present Value of Investment	**$98,595**					
	Expenses						
5	LNP End User Expenses	$7,182	$14,280	$14,268	$14,268	$14,268	$7,350
6	Present Value of Expenses	$7,182	$12,395	$10,749	$9,330	$8,098	$3,621
7	Sum of Present Value of Expenses	**$51,376**					
	Access Lines						
8	PBX		379	380	385	390	394
9	ISDN-PRI		1	1	1	1	1
10	Other		15,775	15,775	15,550	15,325	15,100
11	Total Chargeable Lines [1]		19,191	19,200	19,020	18,840	18,651
12	Present Value of Chargeable Lines		16,657	14,465	12,438	10,694	9,189
13	Sum of Present Value of Chargeable Lines	63,442					
14	**LNP End User Basic Charge [2]**	**$0.20**					
15	**LNP End User ISDN-PRI Charge [3]**	**$1.00**					
16	**LNP End User PBX Charge [4]**	**$1.80**					

NOTES
1. Line 11 = (Line 8 * 9) + (Line 9 * 5) + Line 10
2. Line 14 = ((Line 4 + Line 7) / Line 13)/12
3. Line 15 = 5 * Line 14
4. Line 16 = 9 * Line 14